



STATE OF MINNESOTA

Office of Governor Mark Dayton

116 Veterans Service Building ♦ 20 West 12th Street ♦ Saint Paul, MN 55155

December 13, 2016

Representative Kurt Daudt
Speaker of the House
Room 463, State Office Bldg.
St. Paul, Minnesota 55155

Representative Melissa Hortman
House Minority Leader-Designate
Room 237, State Office Bldg.
St. Paul, Minnesota 55155

Senator Thomas Bakk
Senate Majority Leader
Room 3113, MN Senate Bldg.
St. Paul, Minnesota 55155

Senator Paul Gazelka
Senate Majority Leader-Elect
Room 145, State Office Bldg.
St. Paul, Minnesota 55155

Dear Legislative Leaders:

At the December 2nd meeting with Legislative Caucus Leaders, we agreed to hold a Special Session on Tuesday, December 20, 2016 to pass the Emergency Health Care Premium Relief Bill and, if agreements could be reached, to pass Tax and Bonding Bills.

My Commissioners and Senior Staff have spent many, many hours in meetings with different Legislators and their Staffs; in drafting and redrafting the bills, based upon those meetings; and in trying to reconcile the differing views expressed by different Legislators. Now, with only three weeks remaining until the 2017 Legislative Session, it is time either to agree on the contents of those three bills and pass them in a Special Session next week, or else to defer action until next year. I have provided the Office of the Revisor of Statutes with language to resolve the three bills, which represent my best summation of those differing views.

The Premium Relief Bill will provide to qualifying Minnesotans 25% rebates of their entire premiums, which will greatly reduce the increases in their rates for one year. Its cost of \$312 million would be paid out of the Health Care Access Fund, per Speaker Daudt's insistence.

The cost of the Tax Bill passed last Session has increased to over \$480 million in the FY18/19 Biennium and over \$700 million in the FY20/21 Biennium. Also, the effective dates of numerous provisions have been changed from the original dates contemplated last May as identified on the attached spreadsheet. The Bingo provision has been corrected and the tax exemption for the Minnesota State High School League has been restored. Finally, any technical and conforming corrections that need to be made and all of the changes will be disclosed with the bill language to promote transparency.

The Bonding Bill contains all of the projects, which passed both the House and the Senate last Session, except for the highway project earmarks and the \$300 million in cash transportation projects.

It honors the House Republican Caucuses' \$1 billion ceiling for General Obligation Bonds, and utilizes Appropriation Bonds to finance the projects, which are my priorities, as was agreed at the December 2nd Leadership meeting.

This bill contains projects throughout our state that will benefit all Minnesotans, but especially people living in Greater Minnesota communities. Passing them now, rather than waiting until next year or later, will put thousands of Minnesotans to work next summer and bring the projects' benefits to the people of our state. In light of this urgency, I will remain consistent with my previously-stated position that I will not support a tax bill without an agreement on this Bonding Bill.

Consistent with the December 2nd meeting, the tax bill will return the \$334 million, recently transferred from the General Fund to the Budgeted Reserve, back to the General Fund.

The months spent negotiating every aspect of those three bills have passed. Now they must be accepted by the four Caucus Leaders, along with a signed agreement to limit a Special Session to those three bills with no amendments added. The changes reflected in these bills represents a compromise based on the meetings my Commissioners and Staff have had with legislators over the past week and a half.

Incoming House Minority Leader-Designate Hortman has properly called for written copies of these final bills to be distributed to Legislators by this Friday, December 16th, to permit time for them to be reviewed and discussed. To accommodate that common-sense commitment will require the four Caucus Leaders to agree to these three bills and to the parameters of the Special Session by 5:00 pm on this Thursday, December 15th.

If agreement cannot be reached on the Tax and Bonding Bills by this deadline, I propose to call a Special Session to pass only the Premium Relief Bill, as has been promised by so many to the people of Minnesota.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Dayton".

Mark Dayton
Governor

Attachments